



Digitized by the Internet Archive
in 2012 with funding from
CARLI: Consortium of Academic and Research Libraries in Illinois

<http://www.archive.org/details/chicagoohareinte1970chic>



CITY OF CHICAGO

OFFICE OF THE CITY COMPTROLLER

ROOM 501, CITY HALL, CHICAGO, ILLINOIS 60602

TELEPHONE. 744-4000

RICHARD J. DALEY
MAYOR

OTTO H. LOSER
CITY COMPTROLLER

PAUL J. KOLE
THOMAS F. MURPHY
DEPUTY COMPTROLLERS

CHICAGO-O'HARE INTERNATIONAL AIRPORT

FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED JUNE 30, 1970

Prepared by the Accounting Division
Office of the City Comptroller
City of Chicago, Illinois
September 28, 1970

C O N T E N T S

	<u>Pages</u>
Exhibit A - Balance Sheet - June 30, 1970	2
Exhibit B - Summary of Changes in Fund Balances - All Funds Other than Revenue Fund, for the six months ended June 30, 1970	3
Exhibit C - Summary of Changes in Account Balances - Revenue Fund for the six months ended June 30, 1970	4
Exhibit D - Comparative Statement of Revenues and Expenses for the six months ended June 30, 1970 and 1969	5-6
Exhibit E - Reconciliation of "Balance of Net Income", Exhibit D, to "Net Revenues" as Defined in Bond Ordinance for the six months ended June 30, 1970 and 1969	7
Exhibit F - Details of Application of Proceeds of Revenue Bonds for the six months ended June 30, 1970	8
- - - - Notes to Financial Statements	9-11

CHICAGO-O'HARE INTERNATIONAL AIRPORTBALANCE SHEETJUNE 30, 1970A S S E T SAIRPORT PROPERTY & EQUIPMENT

Acquired with City, State, Federal, Revenue Bond,
Utility, Concessionaire and Airline money:

Land, other facilities and construction-in-progress
at cost
Less - Allowances for depreciation

\$249,835,460.93
59,124,107.31
\$190,711,353.62

Engineering cost deferred to future years (being
amortized over a 25 year period) less amortization
of \$712,569.84

514,131.95

\$191,225,485.57

L I A B I L I T I E S

CHICAGO-O'HARE INTERNATIONAL AIRPORT REVENUE BONDS,
due January 1, 1999 (See notes as to sinking fund
requirements): Authorized \$230,000,000.00 - Issued \$224,000,000.00

Outstanding:

Series of 1959 - 4-3/4% \$100,436,000.00
Series A of 1961 - 4-3/4% 20,901,000.00
Series B of 1961 - 4-1/4% 3,308,000.00
Series of 1967 - 4-1/2% 4,571,000.00
Series of 1968 - 5% 17,107,000.00
Series of March, 1970 - 6.8% \$2,000,000.00

\$198,323,000.00

PAYABLES:

Chicago-O'Hare International Airport Construction Fund (Exhibit F):

Accounts and contracts payable
Contingent liabilities - uncompleted contracts
(See Note E)

3,680,079.71

CHICAGO-O'HARE INTERNATIONAL AIRPORT CONSTRUCTION FUND:

(Revenue Bond Proceeds Fund - Exhibit F):

Cash \$ 662,851.54
U. S. Government securities at cost 53,627,713.91
Due to Revenue Fund (126,089.61)

7,068.86

U. S. Government securities at cost
Due to Revenue Fund

54,164,475.84

Chicago-O'Hare International Airport Revenue Fund:
Accounts payable and accrued expenses \$ 2,781,808.16
Reserve for expenditures budgeted in 1969 - not yet
incurred at June 30, 1970 915,217.00

3,697,025.16

FUND BALANCES

Equities in property and equipment (Exhibit B)

City funds invested \$ 17,553,892.17

City equity arising from retirement of bonds
and income from investment before allocation of
depreciation

State and Federal funds invested 25,832,268.09
Utility company, Concessionaire and Airline funds 31,272,742.61

invested 12,225,300.77

Depreciation on assets acquired with Revenue Bond
proceeds (45,283,761.35)

Chicago-O'Hare International Airport Revenue Fund
(Note 1) (Exhibit C) 31,991,343.84

Chicago-O'Hare International Airport Construction Fund
(Income from investments) 1,779,370.55

75,371,156.68

\$281,078,330.41

Note 1 - Revenue Fund balance includes \$1,463,257.70 representing deferred income
to reduce flight fee requirements in 1971.

See notes to financial statements.

() Indicates negative amount.

CHICAGO-O'HARE INTERNATIONAL AIRPORTSUMMARY OF CHANGES IN FUND BALANCES - ALL FUNDS OTHER THAN REVENUE FUNDSFOR THE SIX MONTHS ENDED JUNE 30, 1970

	Revenue Bond Proceeds Fund Chicago-O'Hare International Airport Construction Fund	Property Funds					Total
		Assets acquired with					
		City Funds	State and Federal Funds	Revenue Bond Proceeds	Utility, Concessionaire and Airline Funds		
<u>BALANCE, JANUARY 1, 1970</u>	\$ 6,385,745.46	\$18,647,679.72	\$30,793,963.19	\$124,682,036.47	\$11,373,515.88	\$135,496,095.26	
<u>ADD:</u>							
Proceeds from sale of Revenue Bonds, Series of March, 1970 (Note A)	51,300,311.09					155,815.20	
Interest earned on investments	385,577.11					864,334.65	
Expenditures of City, State, Federal and other money for							
Land		17,072.56	138,742.64				
Other facilities		30,644.94	833,689.71				
Amounts equivalent to expenditures:							
From Revenue Fund - Current operations					1,071,652.04	1,071,652.04	
From Bond Proceeds Fund				7,007,726.44		7,007,726.44	
Discount on bonds sold (Note A)				1,279,200.00		1,279,200.00	
Total	<u>\$58,071,633.66</u>	<u>\$18,695,397.22</u>	<u>\$31,766,395.54</u>	<u>\$132,969,862.91</u>	<u>\$12,445,167.92</u>	<u>\$195,876,823.59</u>	
<u>DEDUCTIONS:</u>							
Expenditures for construction							
Transfer to Interest account of Revenue Fund - accrued interest sold upon issuance of Chicago-O'Hare International Airport Revenue Bonds, Series of March, 1970 (Note A)		\$	\$	\$	\$	\$	
Amounts equivalent to:	579,511.09						
Provision for depreciation of property and equipment			493,652.93	2,803,381.75	219,867.15	3,661,440.51	
Amortization of deferred engineering cost		144,538.68				24,534.02	
Amounts returned to City (Note B)		<u>24,534.02</u>				<u>972,432.35</u>	
Total deductions	<u>\$ 7,587,237.53</u>	<u>\$ 1,141,505.05</u>	<u>\$ 493,652.93</u>	<u>\$ 2,803,381.75</u>	<u>\$ 219,867.15</u>	<u>\$ 4,658,406.88</u>	
<u>BALANCE, JUNE 30, 1970</u>	<u>\$50,484,196.13</u>	<u>\$17,553,892.17</u>	<u>\$31,272,742.61</u>	<u>\$130,166,481.16</u>	<u>\$12,225,300.77</u>	<u>\$191,218,416.71</u>	
	(Exhibit F)	(Exhibit A)	(Exhibit A)		(Exhibit A)		

Note A - Details of Proceeds from sale of Revenue Bonds, Series of March, 1970

Principal amount	\$52,000,000.00
Accrued interest to date	579,511.09
Discount on bonds sold	(1,279,200.00)
Net proceeds	\$51,300,311.09

Note B - This represents Federal grants-in-aid received in respect of expenditures from City funds for construction.
() Indicates negative amount.
See notes to financial statement.

CHICAGO-O'HARE INTERNATIONAL AIRPORT

SUMMARY OF CHANGES IN ACCOUNT BALANCES - REVENUE FUND

FOR THE SIX MONTHS ENDED JUNE 30, 1970

	Operation and Maintenance Expense Account	Interest Account	Debt Service Reserve Account	Sinking Fund Account	Reserve Maintenance Account	Emergency Reserve Account	Reduction of Flight Fee Requirements	Revenue Fund Total
BALANCE, JANUARY 1, 1970								
ADD:								
Allocation of net revenue (Exhibit E)								
Income on Investment (Note A)		4,110,271.32	1,114,481.00	2,780,313.18	560,000.00	530,712.20	1,463,257.70	10,559,035.40
Transfer to the Sinking Fund Account, amount in Debt Service Reserve					53,535.02	359,953.68		413,488.70
Account which is in excess of Bond Ordinance requirement		(130,570.00)		130,570.00				
Transfer from Bond Proceeds Fund to Interest Account for interest								
due July 1, 1970 on Chicago-O'Hare International Airport								
Revenue Bonds, Series of March, 1970								
		579,511.09						579,511.09
		\$4,689,782.41	\$13,368,426.00	\$3,182,836.31	\$1,920,616.74	\$13,432,757.35	\$4,027,905.91	\$40,622,344.72
DEDUCT:								
Applied to reduce 1970 flight fee requirements								
Interest on revenue bonds		\$ 4,689,782.41					\$2,564,648.21	\$ 2,564,648.21
Redemption of Chicago-O'Hare International Airport Revenue Bonds (Note B)				1,194,170.00				4,689,782.41
Expenditures from Reserve Maintenance Account for repairs to								1,194,170.00
Airport facilities					182,400.26			182,400.26
		\$4,689,782.41	\$ 1,194,170.00	\$1,988,686.31	\$1,738,216.48	\$13,432,757.35	\$2,564,648.21	\$ 8,531,000.88
BALANCE, JUNE 30, 1970								
BALANCE, JUNE 30, 1970 represented by:								
Cash on deposit	\$ 906,308.16	\$ 9,200.84	\$ 2,593.53	\$ 824.63	\$ 106,840.19	\$ 16,501.95		\$ 1,040,620.04
Investment in U. S. Government securities	784,595.78	13,363,402.47	45,055.09	550,643.18	1,800,601.00	13,308,100.31		29,807,342.74
Accrued interest on U. S. Government securities						137,442.89		182,497.98
Accounts Receivable, less allowances for losses \$169,003.59	3,410,886.07							3,410,886.07
Due (to) from other accounts	(1,231,664.42)	9,200.84	(42,625.09)	1,438,867.76		(29,287.80)		126,089.61
Prepaid insurance	205,715.56							205,715.56
Expenditures budgeted in 1969 - not yet incurred at								
June 30, 1970 - contra	915,217.00							915,217.00
Total	\$4,991,058.15	\$ 13,368,426.00	\$1,907,441.19	\$1,988,686.31	\$1,907,441.19	\$13,432,757.35	\$ 35,688,369.00	2,781,808.16
LESS - Accounts payable								
Deferred income to be applied to reduce flight fees	2,612,583.45				169,224.71		(1,463,257.70)	
of future periods								
Reserve for expenditures budgeted in 1969 - not yet	1,463,257.70							
incurred at June 30, 1970 - contra	915,217.00							915,217.00
BALANCE, JUNE 30, 1970								
Note A - Exclusive of \$836,634.74 (included in allocation of net income) representing interest earned on investments other than those of the Reserve Maintenance and Emergency Reserve Accounts.								
Note B - Represents \$1,587,000.00 par value Chicago-O'Hare International Airport Revenue Bonds.								
() Indicates negative amounts								
See notes to financial statements.								

CHICAGO-O'HARE INTERNATIONAL AIRPORT
COMPARATIVE STATEMENT OF REVENUES AND EXPENSES
FOR THE SIX MONTHS ENDED JUNE 30, 1970 AND 1969

	<u>P e r i o d</u>		<u>Increase or (Decrease)</u>
	<u>1970</u>	<u>1969</u>	
<u>REVENUES:</u>			
Flight fees, exclusive of ramp rentals	\$ 6,158,838.55	\$ 4,932,428.13	\$1,226,410.42
Rentals, utility sales, concessions and income from investments	<u>11,843,276.05</u>	<u>11,545,521.28</u>	<u>297,754.77</u>
Total	<u>\$18,002,114.60</u>	<u>\$16,477,949.41</u>	<u>\$1,524,165.19</u>
<u>EXPENSES, excluding fixed charges:</u>			
Salaries and wages-			
Department of Aviation - Administrative	\$ 180,456.36	\$ 178,240.45	\$ 2,215.91
Department of Aviation - Operating	2,756,566.54	2,401,066.33	355,500.21
Corporation Counsel's office	29,196.57	30,758.52	(1,561.95)
Comptroller's office	15,363.60	14,173.20	1,190.40
Fire department	630,537.39	447,857.80	182,679.59
Police department	514,791.18	434,911.38	79,879.80
Indirect administrative and general	<u>206,467.45</u>	<u>174,044.30</u>	<u>32,423.15</u>
	\$ 4,333,379.09	\$ 3,681,051.98	\$ 652,327.11
Fire department supplies and maintenance	21,072.79	10,000.00	11,072.79
Financial publications	-	285.00	(285.00)
Gasoline	7,420.60	5,917.12	1,503.48
Heat, light, power and water	603,052.05	558,097.95	44,954.10
Insurance - general	166,452.90	110,456.77	55,996.13
Insurance - workmen's compensation and disability	33,586.69	37,888.10	(4,301.41)
Materials and supplies	318,585.02	292,286.77	26,298.25
Professional services	675,948.15	302,274.09	373,674.06
Provision for doubtful accounts	84,866.38	43,257.35	41,609.03
Provision for pensions	328,595.87	287,974.79	40,621.08
Bank service charges	21,161.29	21,125.66	35.63
Repairs and maintenance	1,461,201.89	1,161,434.75	299,767.14
Telephone and telegraph	9,548.87	8,969.35	579.52
Tools	2,474.16	1,738.45	735.71
Travel	1,950.61	2,412.06	(461.45)
Vehicles	135,556.99	171,707.41	(36,150.42)
Machinery and equipment	34,935.11	21,425.50	13,509.61
Miscellaneous	55,710.40	35,137.28	20,573.12
Indirect administrative and general expenses:			
Department of Aviation	20,620.36	15,906.81	4,713.55
Other	<u>206,467.45</u>	<u>174,044.30</u>	<u>32,423.15</u>
Total operating expenses, excluding fixed charges	<u>\$8,522,586.67</u>	<u>\$6,943,391.49</u>	<u>\$1,579,195.18</u>
<u>NET OPERATING INCOME BEFORE FIXED CHARGES</u>			
<u>AND APPLICATION OF REVENUES</u>	<u>\$9,479,527.93</u>	<u>\$9,534,557.92</u>	<u>(\$ 55,029.99)</u>

(Continued to next page)

() Indicates negative amount.

CHICAGO-O'HARE INTERNATIONAL AIRPORT
COMPARATIVE STATEMENT OF REVENUES AND EXPENSES
FOR THE SIX MONTHS ENDED JUNE 30, 1970 AND 1969

	<u>P e r i o d</u>		Increase or (Decrease)
	<u>1970</u>	<u>1969</u>	
<u>NET OPERATING INCOME BEFORE FIXED CHARGES</u>			
<u>AND APPLICATION OF REVENUES</u> (brought forward)	<u>\$9,479,527.93</u>	<u>\$9,534,557.92</u>	<u>(\$ 55,029.99)</u>
<u>PROVISION FOR FIXED CHARGES:</u>			
Interest on Revenue Bonds	\$4,110,271.32	\$3,640,045.50	\$ 470,225.82
Depreciation - all properties (Schedule A-2)	3,661,440.51	3,600,594.35	60,846.16
Amortization of deferred engineering cost	<u>24,534.02</u>	<u>24,534.02</u>	
	<u>\$7,796,245.85</u>	<u>\$7,265,173.87</u>	<u>\$ 531,071.98</u>
<u>INCOME IN EXCESS OF EXPENSES</u>	<u>\$1,683,282.08</u>	<u>\$2,269,384.05</u>	<u>(\$ 586,101.97)</u>
<u>OPERATING REVENUES USED FOR</u>			
Capital Improvements (Note D)	<u>1,071,652.04</u>	<u>348,937.56</u>	<u>722,714.48</u>
BALANCE (Exhibit E)	<u>\$ 611,630.04</u>	<u>\$1,920,446.49</u>	<u>(\$1,308,816.45)</u>

See notes to financial statements.

() Indicates negative amount.

CHICAGO-O'HARE INTERNATIONAL AIRPORTRECONCILIATION OF "BALANCE OF NET INCOME" EXHIBIT D TO "NET REVENUES"AS DEFINED IN BOND ORDINANCEFOR THE SIX MONTHS ENDED JUNE 30, 1970 AND 1969

	<u>1970</u>	<u>1969</u>
Balance of income in excess of expense (Exhibit D)	\$ 611,630.04	\$ 1,920,446.49
Add (deduct adjustments to reflect ordinance basis of accounting):		
In respect of items included above in determination of income in excess of expense:		
Depreciation of fixed assets and amortization of deferred engineering costs	3,685,974.53	3,625,128.37
Interest on revenue bonds	4,110,271.32	3,640,045.50
Interest earned on investments of Reserve Maintenance and Emergency Reserve Accounts (	413,488.70)	(406,689.56)
In respect of items not included above in determination of income in excess of expense:		
Carryover from revenue of preceding year as reduction of flight fee requirements	<u>2,564,648.21</u>	<u>3,968,858.66</u>
"Net Revenues" as defined in bond ordinance	<u>\$10,559,035.40</u>	<u>\$12,747,789.46</u>
Allocation of net revenues (In order of priority):		
Interest Account	\$ 4,110,271.32	\$ 3,640,045.50
Debt Service Reserve Account	1,114,481.00	184,750.00
Sinking Fund Account - Minimum sinking fund payment	1,349,000.00	1,286,000.00
Reserve Maintenance Account	560,000.00	430,000.00
Emergency Reserve Account	530,712.20	513,817.98
To reduce flight fee requirements - future periods	1,463,257.70	5,317,960.48
Remainder (allocated to Sinking Fund Account)	<u>1,431,313.18</u>	<u>1,375,215.50</u>
Total	<u>\$10,559,035.40</u>	<u>\$12,747,789.46</u>
Total allocation to Sinking Fund Account:		
Minimum payment	\$ 1,349,000.00	\$ 1,286,000.00
Additional allocation of remaining net revenues per Authorizing Ordinance	<u>1,431,313.18</u>	<u>1,375,215.50</u>
	<u>\$ 2,780,313.18</u>	<u>\$ 2,661,215.50</u>

See notes to financial statements.

() Indicates deduction.

CHICAGO-O'HARE INTERNATIONAL AIRPORTDETAILS OF APPLICATION OF PROCEEDS OF REVENUE BONDSFOR THE SIX MONTHS ENDED JUNE 30, 1970

		Chicago-O'Hare International Airport		
		Construction Fund		
	General Construction Prior to 1968	General Construction of 1968		Total
		Elevated garage	Construction of March, 1970 Runway 4R-22L and Land	
<u>BALANCE, JANUARY 1, 1970</u>	\$967,240.91	\$5,418,504.55	\$	\$ 6,385,745.46
<u>ADDITIONS:</u>				
Proceeds from sale of Revenue Bonds, Series of March, 1970			37,238,281.38	51,300,311.09
Interest earned on investments	32,221.70	265,571.27	73,504.89	385,577.11
Total	\$999,462.61	\$5,684,075.82	\$37,311,786.27	\$58,071,633.66
<u>DEDUCTIONS:</u>				
Expenditures for:				
Runways and other facilities				
Legal fees	\$	\$ 617,268.25	\$ 4,523,798.20	\$ 6,948,743.59
Bond printing costs			22,668.36	31,233.10
Transfer to Interest Account of Revenue Fund- accrued interest sold upon issuance of Revenue Bonds - Series of March 1970			20,143.12	27,749.75
			420,661.31	579,511.09
Total deductions	\$	\$ 617,268.25	\$ 4,987,270.99	\$ 7,587,237.53
<u>BALANCE, JUNE 30, 1970</u>	\$999,462.61	\$5,066,807.57	\$32,324,515.28	\$50,484,396.13
Balance at June 30, 1970 represented by:				
Cash on deposit	\$ 588.40	\$ 24,931.55	\$ 32,786.17	\$ 662,851.54
U. S. Government securities at cost	998,971.45	5,919,708.64	34,244,518.32	53,627,713.91
Due (to) Revenue Fund			(103,081.68)	(126,089.61)
Total	\$999,559.85	\$5,944,640.19	\$34,174,222.81	\$54,164,475.84
Less - Accounts and contracts payable	97.24	877,832.62	1,849,707.53	3,680,079.71
Balance	\$999,462.61	\$5,066,807.57	\$32,324,515.28	\$50,484,396.13

(Exhibit B)

() Indicates negative amount.

See notes to financial statements.

CHICAGO-O'HARE INTERNATIONAL AIRPORT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1970

Note A - General:

The issuance of Chicago-O'Hare International Airport Revenue Bonds was authorized by an ordinance adopted December 29, 1958, and supplemental ordinances adopted subsequently. The purpose of the issues was to provide funds for the extension and improvement of the Airport and its facilities.

At June 30, 1970, the total principal amount of Revenue Bonds authorized amounted to \$230,000,000, of which \$224,000,000 had been offered for sale and sold. Of the amount sold, \$25,677,000 had been called or purchased and retired as of June 30, 1970 (\$1,587,000 during the six months ended June 30, 1970), leaving \$198,323,000 outstanding as of June 30, 1970. The unexpended proceeds from Revenue Bond issues amounted to \$50,484,396 at June 30, 1970.

Operating revenues from flight fees, rentals, concessions, and other sources (accounted for collectively through the Revenue Fund) are restricted by the Bond Ordinance as to use for the purposes enumerated in Note B4. For each specified purpose, a separate account is provided within the Revenue Fund.

The financial statements include amounts in respect of Airport facilities paid for the City, State and Federal Governments, and private parties (totaling approximately \$74,385,000 at cost-carried in the accounts net of accumulated provisions for depreciation at approximately \$60,545,000 at June 30, 1970) as well as those acquired with proceeds of the Revenue Bonds.

Note B - Accounting Policies:

1. United States Government securities:

The aggregate market value of the securities at June 30, 1970, is approximately \$129,575 in excess of cost. Accrued interest is included only on those securities having stated interest rates. Discounts and premiums are recognized at time of maturity or disposition.

2. Property and Equipment:

All land acquisitions have been made with money provided by the City, and State and Federal Governments. Earthwork and landscaping paid for with Revenue Bond proceeds has been charged to the land account. Interest is capitalized from the commencement of work through the year of completion on land improvements provided through the use of City money.

Capitalized expenditures from Revenue Bond proceeds include the cost of: construction; engineering fees; legal expenses; financing and other incidental expenses; discount, less premium, on Revenue Bonds issued; and interest on Revenue Bonds, Series of 1959 and Series A of 1961, through December 31, 1961, and interest on Revenue Bonds, Series of 1967, through December 31, 1967.

All replacements of vehicles, furnishings, signs, and other equipment are expensed during the year of acquisition in accordance with the terms of the Ordinance.

Grants from the State and Federal Governments are recognized only as received. As of June 30, 1970, a maximum of \$4,100,000 was available from such grants.

Depreciation is provided in respect of facilities other than land on a straight-line basis using annual rates calculated to amortize the cost of the individual assets over their estimated useful lives commencing in the year following the year of acquisition or completion of construction.

Under the terms of the Ordinance, only depreciation and amortization applicable to facilities acquired with City money are taken into account in establishing flight fee revenue requirements.

3. Interest on City's Investment in Airport Property:

The Ordinance provides that "Airport expense", for the purpose of computing flight fees collectible from the airlines, shall take into account interest on money of the City invested in property and equipment and deferred engineering costs. (See Note B4f)

4. Allocation of Operating Revenues:

The Ordinance requires the allocation of revenues for specified purposes in the following order of priority:

- a. Ordinary costs of operation and maintenance, but not in excess of the amount budgeted by the City for such purposes.
- b. Amounts equal to interest on bonds outstanding: During the six months ended June 30, 1970, interest of \$4,110,271 was paid.
- c. The debt service reserve must be maintained at an amount equal to two year's interest requirements. The debt service reserve for Revenue Bonds issued prior to the Series of 1967 issue was fully funded at December 31, 1965, through allocations made in prior years. In respect of the bonds for which the debt service reserve was fully funded, bonds in the principal amount of \$1,378,000 were purchased and retired during the six months ended June 30, 1970, accordingly, the interest requirement applicable to the bonds retired during the six months ended June 30, 1970 (\$130,570) was transferred to the sinking fund. In respect of the Revenue Bonds, Series of 1967, \$38,125 was allocated to the debt service reserve during the six months ended June 30, 1970, and in respect of the Revenue Bond, Series of 1968, \$146,625 was allocated to the debt service reserve during the six months ended June 30, 1970. In respect of the Revenue Bonds, Series of March, 1970, commencing in 1970, \$1,859,462 is to be allocated to the debt services reserve annually until an amount equal to two years' interest requirements is accumulated (\$929,731 for the six months ended June 30, 1970).
- d. For the sinking fund, a minimum payment ranging from \$2,697,000 for 1970 to \$13,945,000 in 1998. Additional amounts are allocable to the sinking fund as explained in Note B4c (\$130,570 for the six months ended June 30, 1970) and Note B4h (\$1,431,313 for the six months ended June 30, 1970). The total amount added to the sinking fund from all sources during the six months ended June 30, 1970 totalled \$2,910,883.
- e. For reserve maintenance, \$1,120,000 annually until \$4,666,666 is accumulated. Major repairs, renewals, and replacements may be paid for with these funds. During the six months ended June 30, 1970, expenditures for these purposes totaling \$182,400 were made from the account. For the six months ended June 30, 1970, \$560,000 was allocated to the reserve maintenance account.

- f. For the emergency reserve, amounts (total for the six months ended June 30, 1970 - \$530,712) equal to the semi-annual provisions for (a) depreciation and amortization on assets acquired with City money (for the six months ended June 30, 1970 - \$169,072) and (b) interest on City money invested in Airport assets (for the six months ended June 30, 1970 - \$361,640). These funds may be used to abate landing fees in the event the airport is closed.
- g. To the extent that revenues for the year as defined in the Ordinance, including deferred income from the preceding year, exceed "Airport expense" as defined, the excess shall be considered deferred income and as revenues of the next succeeding year. In accordance with this provision, revenues of \$1,463,258 for the six months ended June 30, 1970, have been so deferred in the Revenue Fund, to be carried over to reduce flight fee requirements for 1971.
- h. Any remaining revenues after making the aforementioned allocations, are to be allocated to the sinking fund. For the six months ended June 30, 1970, \$1,431,313 of the remaining revenues were so allocated.

Note C - Revenue Bond Retirement:

Money in the sinking fund account is to be applied as rapidly as practicable to the retirement of bonds, by call, purchase in the open market, or by tender.

Bonds may be redeemed, by call, from funds provided by Airport revenues, at prices ranging downward from 105% of principal amount to par value, plus accrued interest, to December 31, 1989; and, thereafter, at par value, plus accrued interest. Bonds also may be redeemed by purchase in the open market or by tender at prices not in excess of call prices.

From January 1, 1974 to December 31, 1989, with respect to Revenue Bonds issued prior to the Series of 1968, and from January 1, 1978 to December 31, 1989, with respect to the Series of 1968, and from January 1, 1982 to December 31, 1989, with respect to the series of March, 1970, and the total bonds outstanding of any issue may also be redeemed from resources other than Airport revenues at prices approximately 1% of principal amount in excess of the aforementioned call prices; and, thereafter, at par value, plus accrued interest.

During the six months ended June 30, 1970, bonds in the principal amount of \$1,587,000 were purchased at a cost of \$1,194,170 and retired, with funds provided by the sinking fund.

Note D - Use of Operating Revenues:

The Bond Ordinance does not permit the use of operating revenues for capital improvements or other expenditures not directly related to the operation of the Airport; however, the Airline Representative has agreed to this practice which has the effect of increasing flight fee requirements.

Note E - Contingent Liabilities:

Work to be performed under uncompleted contracts in force for Airport facilities to be financed by Revenue Bond money aggregated approximately \$44,688,000 at June 30, 1970.

Certain contractors who were engaged in Airport construction under the Revenue Bond program have presented claims or filed suit for approximately \$950,000 in excess of contract amounts. The City of Chicago refused payment of these claims. No amounts have been recorded in the financial statements for any additional payments which may arise from these claims or suits.



3 5556 038 785812

3/15/2010
WT 192570 1 36 00



